

## Message Text

SECRET

PAGE 01 MILAN 01985 141131Z  
ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 NSC-05 INR-05 CIAE-00 NSAE-00  
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FM AMCONSUL MILAN  
TO AMEMBASSY ROME  
INFO SECSTATE WASHDC 5752

S E C R E T MILAN 1985

LIMDIS

EO 11652: XGDSN 12/14/88  
TAGS: IT PINT  
SUBJECT: THE SIR SIDE OF THINGS

REF: ROME 20231

1. DPO CALLED ON SENIOR DIRECTOR OF SIR DEC 13 ON APPOINTMENT  
MADE SOME TIME AGO. QUESTION OF CURRENT ACCUSATIONS AGAINST  
MILAN-BASED SIR AND ITS PRESIDENT NINO ROVELLI NATURALLY AROSE.  
SINCE DIRECTOR APPEARS TO BE ONE OF RESTRICTED GROUP WORKING ON  
ANSWERING SIR'S CRITICS, HIS VIEWS ON PLIGHT OF ITALY'S THIRD  
LARGEST CHEMICAL COMPANY MAY CONTRIBUTE TO EMBASSY'S EARLIER  
ANALYSIS (REFTEL).

2. DIRECTOR STARTED FROM PREMISS THAT SIR COMPLETELY INNOCENT OF  
ANY WRONG DOING AND THAT IN TIME THAT FACT WOULD OUT. NOT THAT  
MISTAKES OF JUDGMENT HADN'T BEEN MADE, BUT THAT WAS  
ANOTHER MATTER AND TRUE FOR ALL OTHERS AS WELL. SIR, MOREOVER,  
WAS DEMONSTRABLY MORE EFFICIENT THAN ITS COMPETITORS: EACH WORKER,  
FOR EXAMPLE, PRODUCED 100 MILLION LIRE OF GROSS PRODUCT LAST YEAR AS  
COMPARED WITH LESS THAN HALF THAT FOR COMPETITORS MONTEDISON AND ANIC

ROVELLI WAS NOT TO BE COMPARED WITH A SINDONA WHO HAD SPECULATED UNLA

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FULLY TO BUILD HIMSELF A FORTUNE. ROVELLI HAD TAKEN ADVANTAGE OF  
MONEY AVAILABLE LEGALLY FROM STATE AND BUILT EFFICIENT AND HEALTHY  
INDUSTRY THAT EMPLOYED 2000 WORKERS AND HELPED PROVIDE JOBS FOR  
10,000 OTHERS.

3. IF CREDIT INSTITUTIONS HAD LENT SIR MONEY, DIRECTOR CONTINUED,

IT WAS NOT BECAUSE THEY LIKED ROVELLI BUT BECAUSE THEY FELT SIR WAS CREDITWORTHY. FOREIGN BANKS HAD DONE SAME. AND SIR HAD NOT ONCE DEFAULTED ON LOAN PAYMENT. NOR WAS IT TRUE, AS CORRIERE HAD MAL

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ICIOUSLY SUGGESTED, THAT SIR WAS NOT IN POSITION TO PAY ITS WORKERS. RUMORS OF SIR'S UNSTEADINESS WERE NONSENSE.

4. FACT WAS, SAID DIRECTOR, THAT PRESENT IMBROGLIO WAS THROWING MONKEY WRENCH INTO ONE OF ITALY'S LARGEST RELATIVELY HEALTHY INDUSTRIES BY TYING UP TOP MANAGEMENT DAY AFTER DAY IN TRYING TO PROVE INNOCENCE. BUT HE WAS ON JOB, AS WERE ROVELLI AND OTHER DIRECTORS. THEY WERE ALL CONVINCED THEY HAD NOTHING TO HIDE AND THAT INVESTIGATIONS WOULD PROVE THEM RIGHT.

5. DIRECTOR SAID BY REASON FOR SIR'S SELF CONFIDENCE -- AND THIS WAS CONFIDENTIAL -- WAS THROUGH INVESTIGATION ORDERED LAST YEAR BY IMI AND CARRIED OUT BY TWO AMERICAN ANALYSTS PULLMAN-KEL LOGG

AND BOSTON FIRST NATIONAL. ITALIAN JUDICIARY DID NOT HAVE THIS STUDY BUT IMI, SIR, AND BANK OF ITALY DID AND SIR WOULD PULL IT OUT AT OPPORTUNE MOMENT. RESULTS HAD BEEN HIGHLY FAVORABLE, BOTH REGARDING EFFICIENCY OF SIR'S PLANTS AS WELL AS HEALTH

OF ITS FINANCIAL STRUCTURE. DIRECTOR SAID THAT, DUE TO STUDY, SIR IS CONFIDENT THAT ITS HOUSE IS IN ORDER.

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6. TO WHAT DID DIRECTOR ATTRIBUTE PRESENT ACCUSATIONS AGAINST SIR? HE

REPLIED THAT, ALTHOUGH IT WAS HARD TO SAY WHICH WAS PRIMARY CAUSE, THERE APPEARED TO BE SEVERAL FORCES AT WORK. FIRST WAS POLITICAL AND INVOLVED CONNECTION BETWEEN ACCUSERS (LIKE SENATOR VINCENZO CAROLLO AND FANFANI WING OF DC. LATTER WERE ANXIOUS TO DAMAGE ANDREOTTI. THEY WERE TRYING TO DO SO VIA SCANDAL WHICH WOULD ULTIMATELY ARRIVE AT DOOR OF PRIME MINISTER, KNOWN TO BE ROVELLI'S FRIEND. DAMAGE WAS AT LEAST PARTLY INTENDED TO PAY BACK ANDREOTTI PEOPLE FOR POLITICAL HARM THAT FANFANI AND FRIENDS HAD SUFFERED WHEN THEIR BENEFACITOR SINDONA HAD BEEN FINGERED.

7. SECOND FACTOR WAS FEUD BETWEEN FORMER MONTEDISON PRESIDENT EUGENIO AFIS AND ROVELLI. LATTER HAD BEEN HAND IN CEFIS' DEPARTURE FROM MONTEDISON SOME MONTHS AGO AND IT WAS NOT LIKELY THAT MAN OF CEFIS' GRIT WOULD FAIL TO SEIZE CHANCE AT REVENGE. CEFIS HAD ALREADY TRIED TO DAMAGE ROVELLI LAST YEAR VIA SERIES OF ARTICLES CRITICAL OF SIR IN FLORENCE FINANCIAL DAILY FIORINO, PAPER BANKROLLED BY MONTEDISON. HE WAS PROBABLY INVOLVED IN PRESENT ATTACKS AS WELL. ONE AFTER ANOTHER POINTING

IN THAT DIRECTION WAS FACT THAT GRITTI, CEFI'S INTIMATE WHOM CEFIS  
HAD MADE HEAD OF MONTEDISON TRADING IN SWITZERLAND, IS ALSO  
CLOSE TO JUDGE INFELISI WHO BROUGHT ORIGINAL CHARGES AGAINST SIR.

8. FINAL FACTOR IN TANGLED WEB OF ANTI-SIR INFLUENCES WAS  
CORRIERE DELLA SERA UNDER NEW, FANFANI-DC-BACKED MANAGEMENT.  
CORRIERE, SAID DIRECTOR, HAD GONE OUT OF ITS WAY SINCE SIR  
TROUBLES BEGAN TO EXAGGERATE AND DISTORT. HE CITED TITLE OF  
ARTICLE THAT SAID SIR COULD NOT MEET NEXT PAYCHECKS. ARTICLE ITSELF  
D  
ID  
NOT SAY THAT, HE FUMED, AND EVEN SUGGESTION THAT SIR ON SUCH SLIPPERY  
FOOTING WAS TOTALLY GROUNDLESS.

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9. ANYWAY, DIRECTOR CONCLUDED, THINGS WOULD SLOWLY STRAIGHTEN OUT.  
ALREADY DURING PAST FEW DAYS CORRIERE AND OTHER PAPERS WERE  
MORE BALANCED. SIR'S TOP MANAGEMENT WAS WORKING HARD TO  
EXONERATE COMPANY AND IN END HAD NOTHING TO FEAR. THERE WAS IMI  
STUDY BY AMERICAN ANALYSTS IN WINGS TO BE TROTTED OUT WHEN TIME  
WAS RIPE.  
BUT EFFORT AT SELF-VINDICATION WAS TYING SIR GROUP IN KNOTS AS  
WELL AS CASTING DOUBT ON INTEGRITY AND COMPETENCE OF ITALY'S BIGGEST  
CRDIT INSTITUTIONS. IT COULD NOT END TOO SOON.  
FINA

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## Message Attributes

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